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C O N F I D E N T I A L SECTION 01 OF 02 BAKU 001481

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E.O. 12958: DECL: 12/13/2017

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SUBJECT: AZERBAIJANI FOREIGN MINISTRY ASSESSES POSITIVELY  
CASPIAN DELIMITATION TALKS WITH TURKMENISTAN

Classified By: Ambassador Anne E. Derse per 1.4 (b,d).

¶1. (C) On December 7, Deputy Foreign Minister Khalaf Khalafov told the DCM that his and the Prime Minister's November talks with the Turkmen Government had been positive. Khalafov said he specifically went to Ashgabat to conduct bilateral consultations on Caspian delimitation. The Prime Minister, on the other hand, had been in Turkmenistan for a Commonwealth of Independent States Heads of Government meeting.

PROGRESS IN DELIMITATION, MEDIAN LINE UNRESOLVED  
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¶2. (C) Khalafov noted that the discussions covered a number of technical elements, including the principles for determining delimitation, navigation maps, and methods for calculating the median line. While a definitive delimitation formula was not agreed, the talks certainly brought both sides closer, according to the Deputy Minister. In particular, a common understanding of where the median line between the two countries lies remains the key unresolved issue. (NOTE: In previous discussions, the Turkmen side has asserted that the Absheron Peninsula (upon which Baku is situated) should not be calculated into the median line formula as it juts out prominently into the Caspian Sea. End Note.) He noted that the delimitation talks will continue on January 8 in Baku.

BAKU WANTS ENERGY COOPERATION, NOT TAKING THE INITIATIVE  
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¶3. (C) On issues separate from delimitation, there are continuing signs of progress and goodwill. Turkmen President Berdimuhamedov received both Khalafov and the Prime Minister, speaking positively about improving bilateral relations and the need to broaden cooperation. On energy transit issues, Khalafov said that the Azerbaijani position remains clear that it is willing as a transit country to support a future Turkmen decision to diversify its energy delivery options. It is, however, not an Azerbaijani initiative, Khalafov stressed. He added that certain neighbors (read Russia) will object to transit through Azerbaijan, but that these same countries do not ask for permission of their neighbors when they undertake pipeline or other similar projects.

¶4. (C) Khalafov also met with Turkmen Foreign Minister Meredov. They decided to hold a joint commission session soon that will focus on economic cooperation. In addition, Meredov said that the Turkmen Embassy in Baku will be opened soon. (Comment: A common refrain. End comment.) Turkmenistan plans to hold a conference on "Preventive

Diplomacy" soon that will be attended by international organizations and bilateral delegations. Khalafov plans to attend and will also use this visit to pursue consultations on Caspian delimitation.

TURKS CONSIDERING A THREE-WAY SUMMIT  
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15. (C) The Turkish Ambassador told Ambassador Derse on December 12 that President Gul's visit had gone extremely well, with the two leaders establishing very positive chemistry in a four hour meeting. Berdimuhamedov had agreed with Gul that Turkmenistan should explore its energy delivery options, including the TCP. The Ambassador noted that Gul is working to promote a meeting between President Aliyev and Berdimuhamedov in the next several months, with timing and modalities to be determined -- perhaps a three way meeting at Gul's invitation in Turkey, or finding a way to have Berdimuhamedov come to Baku.

COMMENT  
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16. (C) Khalafov's rosy picture is in sharp contrast to the Foreign Minister's negative assessment of progress in the delimitation talks. Khalafov emphasized that these talks remain bilateral and that Azerbaijan has resisted Iranian and Russian pressure to include other littoral states in the process. Since the death of former Turkmen President Niyazov, Azerbaijan has stuck to the policy that if they can strike a bilateral deal with Turkmenistan, it will result in a de facto demarcation of the entire Caspian, with Iran isolated. Whatever the truth about whether there has been

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real progress in these discussions, the pace has been brisk. Khalafov and his Turkmen counterpart have met at least once every two months specifically to push forward the delimitation issue. This pace is continuing.  
DERSE